

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-214-C - ORDER NO. 2002-728

OCTOBER 15, 2002

IN RE: Application of Source One Communications, Inc. for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services.))))	ORDER GRANTING CERTIFICATE FOR LOCAL EXCHANGE AUTHORITY
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Source One Communications, Inc. ("Source One" or the "Company") requesting a Certificate of Public Convenience and Necessity to provide resold local exchange telecommunications services throughout the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280(B) (Supp. 2001) and Section 253 of the Telecommunications Act of 1996.

By letter, the Commission's Executive Director instructed Source One to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Source One complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On September 5, 2002, counsel for SCTC filed with the Commission a Stipulation in which Source One stipulated that it would seek authority in non-rural local exchange

("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Source One provided written notice of its intent prior to the date of the intended service. Source One also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Source One agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to Source One to provide local services provided the conditions contained in the Stipulation are met. The Stipulation was entered into the evidence of the hearing, and the Staff requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on September 26, 2002, at 11:30 a.m. in the Commission's Hearing Room. The Honorable Mignon Clyburn, Chairman, presided. Source One was represented by John J. Pringle, Jr., Esquire. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff. William B. Burns, Vice President of the Company, appeared and testified on behalf of the Company.

Mr. Burns described the nature of Source One's proposed service offering within the State of South Carolina and provided testimony regarding Source One's financial, managerial, and technical ability to provide telecommunications services in South Carolina. The record reveals that Source One is a privately-held corporation, incorporated on September 8, 1999, in the state of Florida and authorized on March 12,

2002, under the laws of the State of South Carolina to transact business in the State of South Carolina. The Company is headquartered in Tallahassee, Florida.

The Company intends to resell a number of incumbent local exchange carriers' retail services and features, including, but not limited to, residential local exchange service and optional features. The record reveals that Source One intends to offer resold local exchange service on a pre-paid basis to both business and residential customers throughout the State. After receiving certification, Source One plans to commence offering service immediately pursuant to its resale Agreement with BellSouth Telecommunications, Inc. Source One is requesting authority to provide services in the service areas of the non-rural local exchange carriers in the State of South Carolina.

Source One is authorized to provide telecommunications services in the states of Alabama, Florida, and Georgia. In addition, at the time of the hearing, Source One had applications pending in North Carolina, Louisiana, and Mississippi.

Regarding the Company's technical resources to provide telecommunications services, Source One will rely upon the technical expertise of the ILECs when problems arise with the network. However, the Company has a great deal of knowledge regarding interfacing with the ILECs for ordering and provisioning local exchange services, and will work closely with the ILECs to ensure that continuous and reliable service is provided to its customers.

Mr. Burns testified that Source One has put together a management team with substantial telecommunications and business experience. The Company will seek to

recruit additional technical, operational, and sales personnel with experience in the local exchange business.

Regarding the Company's financial condition, Mr. Burns testified that Source One provided a copy of its most recent financial statements with its Application. According to the record, the Company has the capital necessary to fund its proposed operations in South Carolina.

Source One requested a waiver of S.C. Code Ann. Regs. 103-631 (1976) so that the Company will not be required to publish local exchange directories. According to the record, Source One will distribute the RBOC directories to its customers. Pursuant to its contract with BellSouth, Source One will provide all new, changed and deleted listings to BellSouth or its agent who will include Source One's residential and business customers listings in the appropriate White Pages or alphabetical directories. It is Source One's position that it would be an unnecessary burden on Source One to require that it publish and distribute its own directory to all customers of the incumbent LECs. To the extent that Commission Regulation 103-611 requires the Company to keep its books and records in accordance with the Uniform System of Accounts, Source One asks the Commission to allow it to keep those records in accordance with Generally Accepted Accounting Principles (GAAP). Source One also requests that the Commission waive application of Rule 103-612.2.3, which requires each utility to file with the Commission a map or maps showing its certificated area and/or exchange service area(s). Source One will be offering service within the geographic service areas of the ILECs.

Additionally, Source One seeks a waiver of Commission Regulation 103-622.2, regarding late payment charges. The Company seeks to charge a late payment fee of \$5.00.

The testimony reveals Source One's presence in South Carolina as a telecommunications service provider will have a positive effect on the public interest.

Upon consideration of the application and the record from the hearing, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Source One is organized as a corporation organized under the laws of the State of Florida and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Source One wishes to provide local exchange services within the State of South Carolina.
3. The Commission finds that Source One possesses the technical, financial, and managerial resources sufficient to provide the service requested. S.C. Code Ann. §58-9-280(B)(1) (Supp. 2001).
4. The Commission finds that Source One's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 2001).
5. The Commission finds that Source One will support universally available telephone service at affordable rates. S.C. Code Ann. §58-9-280(B)(4) (Supp. 2001).

6. The Commission finds that Source One will provide services which will meet the service standards of the Commission. S.C. Code Ann. §58-9-280(B)(2) (Supp. 2001).

7. The Commission finds that the provision of local exchange service by Source One “does not otherwise adversely impact the public interest.” S.C. Code Ann. §58-9-280(B)(5) (Supp. 2001).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Source One to provide competitive intrastate local exchange services within the State of South Carolina. The terms of the Stipulation between Source One and the SCTC (attached hereto as Exhibit 1) are approved and adopted as a portion of this Order. Any proposal to provide local services to rural service areas is subject to the terms of the Stipulation. In accordance with the Stipulation, Source One may not provide any local service to a customer located in a rural incumbent LEC’s service area, unless or until Source One provides such rural incumbent LEC and the Commission, written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. The Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while it conducts any proceeding incident to the Petition or upon the Commission’s own Motion, provided that the Commission can further suspend the implementation date upon a showing of

good cause. It is specifically provided that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Order in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications as they may be entitled. If, after notice from Source One that it intends to serve a customer located in a rural incumbent LEC's service area, and the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or if the Commission institutes a proceeding of its own, no service may be provided by Source One in a rural incumbent LEC's service area pursuant to this Order without prior and further Commission approval.

2. Source One shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters.

3. Source One shall resell or provide the services of only those companies authorized to provide telecommunications services in South Carolina by this Commission.

4. Source One shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. Source One shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore,

Source One shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's web site at www.psc.state.sc.us/forms. This form is entitled "Annual Report for Competitive Local Exchange Carriers". Additionally, pursuant to the Commission's regulations, the Company shall file a CLEC Service Quality Quarterly Report with the Commission. The proper form for this report is Form #110 and can be found at www.psc.state.sc.us/forms/default.htm.

6. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Source One to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Source One shall contact the 911

Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

7. The Company shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the names of the authorized representatives to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Source One shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to file this authorized utility representative information can be found at the Commission's website at www.psc.state.sc.us/forms. This form is entitled "Authorized Utility Representative Information." Further, the Company shall promptly notify the Commission in writing if the representatives are replaced. Source One shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2001).

8. Source One shall file annually the Intrastate State Universal Service Fund (USF) worksheet due August 15 for calendar and fiscal year ending companies.

9. Source One requested waivers from certain Commission regulations and requirements. Specifically, Source One requested a waiver from the requirement found in Rule 103-631 to publish and distribute local exchange directories. The Company also

requested permission to use GAAP. The Commission grants the request for waiver from the requirement to publish directories as Source One has indicated that it will contract with the incumbent local exchange company to include the customers of Source One in the directory listing of the ILEC directory. Further, the Commission grants Source One's request that it be allowed to keep its books and records in accordance with GAAP rather than the USOA. The Commission also grants the Company's request for a waiver of Regulation 103-612.2.3 because Source One intends to provide local services only in the non-rural areas of the State and within the geographic service areas of the ILECs. We deny the Company's request for a waiver of Regulation 103-622.2. In order to allow an opportunity for all interested persons to be heard, we have instructed the Commission Staff to establish a generic docket to address the provisioning of prepaid local services. The issue of the possibility of a waiver of Regulation 103-622.2, in addition to several other issues, will be heard during the generic proceeding regarding the provisioning of prepaid local services.

10. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2001, and to translate 711 dialed calls to 1-

800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to the assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 2, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. This Company must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission's website at www.psc.state.sc.us/forms.

11. Source One is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

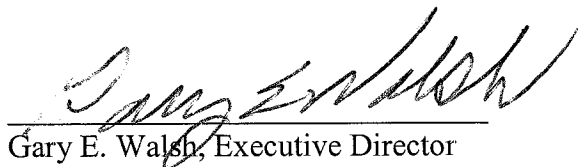
12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn, Chairman

ATTEST:



Gary E. Walsh, Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2002-214-C

Re: Application of Source One Communications,)
Inc. for a Certificate of Public Convenience)
and Necessity to Provide Local Exchange)
Telecommunications Services in the State of)
South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Source One Communications, Inc. ("Source One") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Source One's Application. SCTC and Source One stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Source One, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Source One stipulates and agrees that any Certificate which may be granted will authorize Source One to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Source One stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Source One stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until Source One provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Source One acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Source One stipulates and agrees that, if Source One gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Source One will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Source One acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

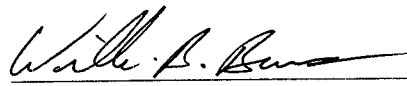
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Source One, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Source One agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Source One hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

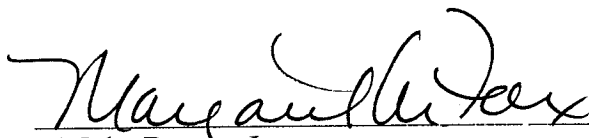
AGREED AND STIPULATED to this 19TH day of AUGUST,
2002.

Source One Communications, Inc.:



WILLIAM B. BURNS V.P.

South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

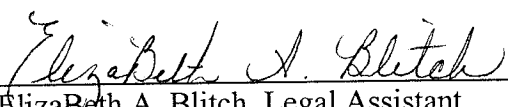
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and Necessity to Provide Local Exchange)
Telecommunications Services in the State of)
South Carolina)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

John R. Jenkins, Esquire
Rose, Sundstrom & Bently, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301


Elizabeth A. Blitch, Legal Assistant
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

September 4, 2002

Columbia, South Carolina